



Corporation Underpayment of Estimated Tax

FORM 2220N
2006

• Read instructions on reverse side

Name as Shown on Form 1120N

Taxable Year

Nebraska Identification Number

PART I—Calculate Your Underpayment

1	Nebraska income tax before credits (line 13, 2006 Form 1120N) (see instructions)	1							
2	Credit for in lieu of intangible tax paid (line 14, Form 1120N)	2							
3	Nebraska Charitable Endowment Tax credit (line 15, Form 1120N)	3							
4	CDAA credit (line 16, Form 1120N)	4							
5	Form 3800N nonrefundable credit (line 17, Form 1120N)	5							
6	Form 3800N refundable credit (line 20, Form 1120N)	6							
7	Beginning Farmer credit (line 23, Form 1120N)	7							
8	Total credits (total of lines 2 through 7)	8							
9	Subtract line 8 from line 1. If the result is less than \$400, do not complete the rest of the form. You do not owe penalty.	9							
10	Enter 100% of line 9	10							
11	Enter 2005 income tax (see instructions)	11							
12	Enter the lesser of line 10 or line 11	12							
13	Enter in columns A through D the installment due dates (the 15th day of the 4th, 6th, 9th, and 12th months of your tax year) (see instr.)	(A)	(B)	(C)	(D)				
14	Enter 25% of line 12 in columns A through D	14							
• Complete lines 15 through 22 for one column before completing the next column									
15	Amount paid or credited for each period	15							
16	Enter amount, if any, from line 22 of previous column	16							
17	Add lines 15 and 16	17							
18	Add amounts on lines 20 and 21 of the previous column and enter result	18							
19	Line 17 minus line 18. If less than zero, enter -0- (in col. A only, enter amount from line 15)	19							
20	Remaining underpayment from previous period. If the amount on line 19 is zero, subtract line 17 from line 18 and enter the result; otherwise, enter -0-	20							
21	Underpayment. If line 19 is less than or equal to line 14, subtract line 19 from line 14 and enter the result. Then go to the next column; otherwise, go to line 22	21							
22	Overpayment. If line 14 is less than line 19, subtract line 14 from line 19 and enter the result. Then go to the next column	22							

PART II—Calculate the Penalty

23	Amount of underpayment (line 20 plus line 21)	23							
24	Date of payment or next due date (from line 13), whichever is earlier	24							
25	Number of days from due date of installment to date shown on line 24	25							
26	Underpayment penalty (see instructions for applicable interest rates)	26							
27	Total of amounts on line 26. Enter this amount in the space provided on Form 1120N, next to line 25. Increase the amount of "Tax Due" or decrease the amount of the "Overpayment" accordingly	27							

ATTACH THIS FORM TO FORM 1120N

INSTRUCTIONS

WHO MUST FILE. Corporations required to make estimated tax payments must file a Corporation Underpayment of Estimated Tax, Form 2220N, when any underpayment is computed on line 21 of Form 2220N.

Corporations are required to make estimated tax payments if they reasonably expect their Nebraska income tax to exceed their allowable credits by \$400 or more. The allowable credits are: credit for in lieu of intangible tax paid; Nebraska Charitable Endowment tax credit; Community Development Assistance Act credit; Nebraska tax incentive credits (Form 3800N credits); and the Beginning Farmer credit.

If the amount on line 9 is less than \$400, do not complete the rest of the form. You do not owe penalty.

WHEN AND WHERE TO FILE. This form must be attached to the Nebraska Corporation Income Tax Return, Form 1120N, and filed with that return.

PART I—Figuring Your Underpayment

LINE 1. Enter the tax amount from line 13 of the 2006 Form 1120N on line 1 of this form.

LINE 11. The entry on this line allows corporations to use the tax reported on their prior year's return less the prior year's allowable credits to determine whether an underpayment exists. Enter line 18 minus lines 19 and 22 from 2005 Form 1120N. ("Large Corporations," except as noted, cannot use this calculation.) The prior year's Nebraska return must cover a period of 12 months and show a tax liability. If this calculation does not apply to you, enter your line 10 amount on line 12.

A **large corporation** is prohibited from using its prior year's tax liability except in determining the first installment of its tax year. Any reduction in a large corporation's first installment as a result of using the prior year's tax must be recaptured in the corporation's second installment.

Large Corporations. A "large corporation" is one which had, or its predecessor had, federal taxable income of at least one million dollars for any of the three taxable years immediately preceding the tax year involved. In applying the "one million dollar test," taxable income is computed without regard to net operating loss carryovers or capital loss carrybacks.

Large corporations compute line 14 amounts by using the same procedures that result in the comparable entry on the Federal Form 2220.

METHODS WHICH AVOID PENALTY. A corporation may reduce or eliminate the penalty by using the annualized

income or adjusted seasonal installment method. To use one or both of these methods to figure one or more required installments, recalculate and attach the federal Schedule A, "Required Installments Using the Annualized Income Installment Method and/or the Adjusted Seasonal Installment Method Under Section 6655(e)" using Nebraska income and other Nebraska amounts.

On this form, enter on line 14 of each column, the corresponding amount from the recalculated worksheet.

OVERPAYMENT. Any overpayment of an installment on line 22 in excess of all prior underpayments should be applied as a credit on line 16 against the next installment.

PART II—Figuring the Penalty

If line 21 shows an underpayment, you must complete Part II, lines 23 through 27, in order to determine the penalty amount for each underpayment of an installment.

LINE 24. A payment of estimated tax is applied against underpayments of required installments in the order that installments are required to be paid, regardless of the installment to which the payment pertains.

Example: A corporation has an underpayment for the April 15 installment of \$1,000. The June 15 installment requires a payment of \$2,000. On June 15, the corporation deposits \$2,000 for its June 15 installment. However, \$1,000 of this payment is considered to be for the April 15 installment. The penalty for the April 15 installment is figured to June 15 (61 days). The payment to be applied to the June 15 installment will then be \$1,000.

In determining the date of payment on line 24, use the date of the payment which was applied against the underpayment on line 23, the due date of the next payment (line 13 of the next column), or the 15th day of the 3rd month following the close of the taxable year, whichever is earliest.

LINE 26. The penalty is calculated at six percent per annum for all days during 2006, and at eight percent per annum for any days in 2007. Multiply line 23 by the applicable interest rate for the number of days on line 25. If one quarter includes days in both 2006 and 2007, use the appropriate rate for the number of days in each year.

If the corporation has made more than one payment for a required installment, make separate penalty calculations through the date of payment and for the remaining underpayment through the date it is paid, then add the results together and enter on line 26.